

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO.</b>	<b>18-</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED:</b>	<b>December __, 2018</b>
<b>SCOTT CAPPS</b>	<b>:</b>	<b>VIOLATIONS:</b>	
	<b>:</b>	<b>18 U.S.C. § 1349 (conspiracy to commit</b>	
	<b>:</b>	<b>mail fraud - 1 count)</b>	
	<b>:</b>	<b>18 U.S.C. § 1956(a)(1)(B)(i) (money</b>	
	<b>:</b>	<b>laundering - 2 counts)</b>	
	<b>:</b>	<b>26 U.S.C. § 7206(1) (filing a false tax</b>	
	<b>:</b>	<b>return – 2 counts)</b>	
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>	
	<b>:</b>	<b>Notice of forfeiture</b>	

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

At all times material to this information:

**BACKGROUND**

1. The Vanguard Group was an investment management group that managed trillions of dollars in assets for account holders throughout the world.
2. For instances where account holders died without leaving any heirs or otherwise failed to cash checks drawn on their accounts, Vanguard utilized an escheatment process to ensure the proper transfer of any funds from dormant accounts to the appropriate state, in accordance with applicable state and federal law.
3. Defendant SCOTT CAPPS was an employee of Vanguard. Through his employment at one of Vanguard's offices in the Eastern District of Pennsylvania, defendant

CAPPS had access to dormant accounts which were due for escheatment.

4. From at least on or about November 21, 2011, to at least on or about April 21, 2014, defendant SCOTT CAPPS devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

### **THE CONSPIRACY**

5. From on or about November 21, 2011 to at least on or about April 21, 2014, in Wayne, Richboro, Philadelphia, King of Prussia, Thorndale and elsewhere, in the Eastern District of Pennsylvania, defendant

### **SCOTT CAPPS,**

together with Lance Tobin, charged elsewhere, and others, known and unknown to the Grand Jury, conspired and agreed to knowingly devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and to use the U.S. Mails to further the scheme to defraud, in violation of Title 18, United States Code, Section 1341.

### **MANNER AND MEANS**

6. Defendant SCOTT CAPPS abused his position at Vanguard to improperly and unlawfully access certain dormant accounts due for escheatment to various states, including, but not limited to, the following acts:

a. Defendant CAPPS stole the passwords of subordinates and used those passwords to access the Vanguard system used to issue checks and submit requests to have checks issued on certain dormant accounts, all in an effort to conceal his conduct.

b. Defendant CAPPS falsified documents to support the falsely

submitted requests to issue checks by Vanguard on certain dormant accounts and subsequently discarded those documents.

c. Defendant CAPPS used his position as supervisor to improperly approve the falsely submitted requests to issue checks by Vanguard on certain dormant accounts.

d. Defendant CAPPS deleted and attempted to delete the record transactions in Vanguard's system related to the falsely submitted requests and improper approvals for checks issued by Vanguard on certain dormant accounts.

7. Defendant SCOTT CAPPS unlawfully caused Vanguard to issue checks drawn on these dormant accounts to Lance Tobin and others, known and unknown, even though, as defendant CAPPS well knew, this money was due for escheatment to various states and was not due to defendant CAPPS, Tobin, or the other members of the conspiracy.

8. Defendant SCOTT CAPPS caused Vanguard to send these checks, via U.S. mail, to Lance Tobin and others, known and unknown, even though, as defendant CAPPS and Lance Tobin well knew, this money was due for escheatment to various states and was not due to defendant CAPPS, Tobin, or the other members of the conspiracy.

9. Upon receipt of these checks, Lance Tobin deposited the stolen funds into one of several accounts that he maintained and controlled at Citizens Bank, which was a financial institution as defined by 31 U.S.C. § 5312(a)(2).

10. After depositing the checks, Lance Tobin issued or arranged to have issued checks drawn on one of the Citizens Bank accounts to defendant SCOTT CAPPS and others, known and unknown, knowing that this money was criminally derived.

11. Lance Tobin subsequently provided the issued checks, as well as blank and unsigned personal checks, drawn from one of the Citizen's Bank accounts controlled by

Tobin to defendant SCOTT CAPPS, who knew the money was criminally derived.

12. After receiving the issued checks, defendant SCOTT CAPPS, knowing that this money was criminally derived, deposited the checks into one of several accounts that he maintained and controlled at PNC Bank or arranged for others to deposit the checks into one of the accounts at PNC Bank, which was a financial institution as defined by 31 U.S.C.

§ 5312(a)(2).

13. After receiving the blank and unsigned personal checks, defendant SCOTT CAPPS, knowing that this money was criminally derived, issued the checks to entities for purchases, including the purchase of real estate.

### **OVERT ACTS**

In furtherance of this conspiracy, defendant SCOTT CAPPS, Lance Tobin, and others, committed the following overt acts, among others:

1. On or about the dates listed in the chart below, defendant SCOTT CAPPS arranged for checks to issue from Vanguard via U.S. mail in the amounts listed below, each check constituting a separate overt act:

<b><i>Overt Act</i></b>	<b><i>Check Date</i></b>	<b><i>Check Number</i></b>	<b><i>Check Amount</i></b>	<b><i>Payable To</i></b>
A	11/21/2013	20393663	\$72,686.02	Lance Tobin
B	11/21/2013	20393661	\$59,744.13	Lance Tobin
C	11/21/2013	20393659	\$82,078.73	Lance Tobin
D	12/16/2013	12727765	\$51,552.23	Lance Tobin
E	12/18/2013	20519966	\$69,770.00	Lance Tobin
F	1/14/2014	20630693	\$250,000.00	Lance Tobin
G	2/18/2014	20730133	\$114,925.61	Lance Tobin
H	2/19/2014	20730145	\$83,169.33	Lance Tobin
I	2/19/2014	20730156	\$80,974.46	Lance Tobin
J	2/19/2014	20730111	\$52,715.51	Lance Tobin

2. On or about the dates listed in the chart below, Lance Tobin deposited checks issued from Vanguard by defendant SCOTT CAPPS into accounts identified below and

controlled by Tobin at Citizen's Bank, each deposit constituting a separate overt act:

<i><b>Overt Act</b></i>	<i><b>Deposit Date</b></i>	<i><b>Check Number</b></i>	<i><b>Deposit Amount</b></i>	<i><b>Deposited Into Account Ending In</b></i>
A	11/27/2013	20393663	\$72,686.02	3861
B	11/27/2013	20393661	\$59,744.13	3888
C	11/27/2013	20393659	\$82,078.73	3888
D	12/23/2013	12727765	\$51,552.23	3861
E	12/23/2013	20519966	\$69,770.00	3888
F	1/17/2014	20630693	\$250,000.00	5305
G	2/25/2014	20730133	\$114,925.61	3861
H	2/25/2014	20730145	\$83,169.33	5305
I	2/25/2014	20730156	\$80,974.46	5305
J	2/25/2014	20730111	\$52,715.51	5305

3. On or about April 21, 2014, Lance Tobin arranged to have Official Check Number 500892314-5 issued to defendant SCOTT CAPPS from Citizen's Bank account ending in 5305 in the amount of \$555,200.00.

4. On or about April 22, 2014, defendant SCOTT CAPPS deposited Official Check Number 500892314-5 in the amount of \$555,200.00 issued by Citizen's Bank into PNC Bank account ending in 8863 controlled by defendant CAPPS.

5. On or about June 13, 2014, defendant SCOTT CAPPS arranged for the transfer of \$400,000 from PNC Bank account ending in 8863 to PNC Bank account ending in 2599, both of which were controlled by defendant CAPPS.

6. On or about September 17, 2014, defendant SCOTT CAPPS arranged to have a cashier's check issued to Patriot Land Transfer from PNC Bank account ending in 2599 in the amount of \$72,000.

7. On or about the dates listed in the chart below, defendant SCOTT CAPPS issued checks to the payees and in the amounts identified below using personal checks provided by Lance Tobin and drawn from accounts controlled by Tobin at Citizen's Bank, each check constituting a separate overt act:

<i><b>Overt Act</b></i>	<i><b>Date</b></i>	<i><b>Check Number</b></i>	<i><b>Check Amount</b></i>	<i><b>Payable To</b></i>	<i><b>Drawn From Account Ending In</b></i>
A	10/11/2013	1064	\$21,900.00	R.N.	4167
B	11/12/2013	1065	\$3,200.00	N. Construction	4167
C	11/26/2013	1066	\$5,700.00	N. Construction	4167
D	1/29/2014	1068	\$4,400.00	N. Construction	4167
E	2/28/2014	1069	\$1,500.00	N. Construction	4167
F	3/12/2014	1070	\$2,400.00	N. Construction	4167
G	3/24/2014	1071	\$29,750.00	N. Construction	4167
H	4/1/2014	1077	\$29,750.00	N. Construction	4167

All in violation of Title 18, United States Code, Section 1349.

**COUNTS TWO AND THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 and 6 through 13 and Overt Acts 1 through 5 of Count One are realleged here.

2. On or about the dates listed below, in Philadelphia, in the Eastern District of Pennsylvania and elsewhere, defendant

**SCOTT CAPPS**

knowingly conducted, and aided, abetted and willfully caused, the following financial transactions affecting interstate commerce, with each transaction constituting a separate count:

COUNT	DATE	FINANCIAL INSTITUTION	DESCRIPTION	ACCOUNT ENDING IN
2	4/1/2014	Citizen's Bank	\$29,750.00 check issuance	4167
3	4/21/2014	Citizen's Bank	\$555,200.00 check issuance	5305

2. When conducting, and aiding, abetting and willfully causing, the financial transactions described in paragraph 2 above, defendant SCOTT CAPPS knew that the property involved in those financial transactions represented the proceeds of some form of unlawful activity.

3. The financial transactions described in paragraph 2 above involved the proceeds of a specified unlawful activity, that is, mail fraud and conspiracy to commit mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1349, and defendant SCOTT CAPPS acted with the knowledge that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the specified unlawful activity.

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

**COUNT FOUR**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 and 6 through 13 and Overt Acts 1 through 5 of Count One are realleged here.
2. Defendant SCOTT CAPPS was a resident of Delaware County, Pennsylvania.
3. The Internal Review Service ("IRS") is an agency of the United States Department of Treasury responsible for enforcing and administering the tax laws of the United States.
4. On or about March 8, 2014, in King of Prussia, in the Eastern District of Pennsylvania, defendant

**SCOTT CAPPS**

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2013, which was verified by a written declaration that it was made under the penalty of perjury, was prepared and signed in the Eastern District of Pennsylvania and was filed with the Internal Revenue Service, which CAPPS did not believe to be true and correct as to every material matter, in that the Form 1040 stated total income of \$111,500, when, as defendant CAPPS knew, his stated total income did not include \$270,000.00 in stolen funds from certain dormant accounts at Vanguard and thus was substantially greater than the amount he reported.

All in violation of Title 26, United States Code, Section 7206(1).



**COUNT FIVE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 and 6 through 13 and Overt Acts 1 through 5 of Count One are realleged here.
2. Defendant SCOTT CAPPS was a resident of Delaware County, Pennsylvania.
3. The Internal Review Service ("IRS") is an agency of the United States Department of Treasury responsible for enforcing and administering the tax laws of the United States.
4. On or about March 26, 2015, in the Eastern District of Pennsylvania and District of New Jersey, defendant

**SCOTT CAPPS**

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2014, which was verified by a written declaration that it was made under the penalty of perjury, was prepared and signed in the Eastern District of Pennsylvania and was filed with the Internal Revenue Service, which CAPPS did not believe to be true and correct as to every material matter, in that the Form 1040 stated total income of -\$28,896, when, as defendant CAPPS knew, his stated total income did not include \$550,200.00 in stolen funds from certain dormant accounts at Vanguard and thus was substantially greater than the amount he reported.

All in violation of Title 26, United States Code, Section 7206(1).

**NOTICE OF FORFEITURE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. As a result of the violations of Title 18, United States Code, Sections 1349 and 1956 set forth in this information, defendant

**SCOTT CAPPS**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to:

a. \$648,600 in United States currency, representing the amount of proceeds obtained as a result of the mail fraud conspiracy charged in Count One; and

b. The real property located at 6 Pine Terrace, West Berlin, New Jersey, which was purchased with proceeds obtained as a result of the mail fraud conspiracy charged in Count One.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the Court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty;


it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

**A TRUE BILL:**

\_\_\_\_\_  
**FOREPERSON**

for   
**WILLIAM M. McSWAIN**  
**United States Attorney**

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

## INDICTMENT

18-572

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476Post Office: PhiladelphiaCounty: PhiladelphiaCity and State of Defendant: Coatesville, PACounty: ChesterRegister number: N/APlace of accident, incident, or transaction: Eastern District of PennsylvaniaPost Office: WayneCounty: Delaware

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

YES/NO: Yes

Case Number: 16-304 (SEALED)

Judge: Baylson

CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

1. ☐ Antitrust
2. ☒ Income Tax and other Tax Prosecutions
3. ☐ Commercial Mail Fraud
4. ☐ Controlled Substances
5. ☐ Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
6. ☐ General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)

18 U.S.C. § 1349 (conspiracy to commit mail fraud - 1 count); 18 U.S.C. § 1956(a)(1)(B)(i) (money laundering - 2 counts); 26 U.S.C. § 7206(1) (filing a false tax return - 2 counts); 18 U.S.C. § 2 (aiding and abetting); Notice of forfeiture

DATE: Dec 11, 2018

David J. Ignall

Assistant United States Attorney

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA  
vs.  
SCOTT CAPPS  
631 Proctor Lane  
Coatesville, PA 19320

: Date Notice Mailed: January 9, 2019  
:  
: CRIMINAL NO. 18-572

**NOTICE OF ARRAIGNMENT (\*\*UNDER SEAL\*\*)**

1. TAKE NOTICE that you have been indicted by the Grand Jury. A copy of the indictment is enclosed. A warrant for your arrest has been issued and is in the possession of the United States Marshal.

2. You are notified to appear before Magistrate Judge Timothy R. Rice for an:

[X] ARRAIGNMENT at 1:30 PM on Monday, January 14, 2019, in Courtroom No. 5A, 5th Floor, U.S. Courthouse, 601 Market Street, Philadelphia, Pennsylvania.

3. In order for the court to be provided with verified information regarding community and family ties in connection with the bail determination process, it is important that you contact the Pretrial Services Agency at (267) 299-4400 immediately. You will not be questioned concerning the offense for which you are charged and the information that you provide will be used for bail purposes only.

4. If you fail to appear at the ARRAIGNMENT pursuant to this notice, you will be subject to arrest by the United States Marshal.

5. Please consult with your attorney before the date fixed for arraignment. **NOTE:** If you do not have an attorney and cannot afford to hire one, an attorney will be appointed for you by the Court. **If you want an attorney to be appointed for you, take these papers immediately to the office of the Defender Association, Suite 540 West, 601 Walnut Street, Philadelphia, Pennsylvania, 19106, 215-928-1100. If you qualify for an appointment of counsel, the Court will appoint either the Defender Association or a member of the Federal Defense Panel.**

[ ] INTERPRETER REQUIRED

NO CUSTODY TEST DOCUMENT  
(arrrnotnocustody.frm)

This case has been assigned to  
**Judge Michael M. Baylson**  
For information communicate with  
Courtroom Deputy **Janice A. Lutz**

Telephone No. 267-299-7291

NOTICE TO: Magistrate Judge Timothy R. Rice  
Defendant

Leigh Skipper, Federal Defender

David Ignall, AUSA

United States Marshal

Pretrial Services

Surety

Crystal Wardlaw

